433, 162, 464, 439

Egypt	MR1
Turkey	MB1
Iraq	MH1
Syria	MD1
Lebanon	ME1
Historical Palestine	MF2
Israel	MF1

/For an account of the economic effects of industrialization after World War II and information on industrial output in countries of the Middle East, see 66: Bonne, M1 Middle East, category 116 as follows: Egypt - pp. 293-298, p. 309, Turkey - pp. 298-300, 307-308, Syria and Lebanon - pp. 300-302, 309-310, Palestine - pp. 302-304, Israel - pp. 310-311./

185, 433, 654

Egypt	MR1
Turkey	MB1
Iraq	MH1
Syria	MD1
Lebanon	ME1
Historical Palestine	MF2

/For an account of the program of industrialization in countries of the Middle East after World War I up to 1945, see 66: Bonné, M1 Middle East, category 116 as follows: Turkey - pp. 274-284, Egypt - pp. 285-286, Iraq - pp. 287-289, Palestine - 289-290, Syria and Lebanon - pp. 290-291./

to maintain their Lebanese citizenship abroad are Christians, the overwhelming majority of whom are Maronites.

(e) The natural increase among the non-Christian population of the Lebanon, and particularly of the Shi'ah and the Druzes, is more than twice as great as that of the Christian population. These facts can serve as a key to explain various developments, the influence of which may be decisive in shaping the social character and political fate of the Lebanon.

Any person reviewing the demographic problems of the Lebanon cannot but observe a number of factors common to the Christian population of the Lebanon and the Yishuv (the Jewish community) in Palestine. The natural increase of the Christians in the Lebanon is roughly equal to that of the Yishuv in Palestine.*

Against this, however, the Yishuv in Palestine has incomparably more potential reserve in the way of immigration from abroad than that which is available to the Lebanese Christians through the return of emigrants. And just as the chief concern of Zionism in Palestine is the creation of possibilities for the absorption of fresh immigrants from abroad, so the Christians of the Lebanon are faced first and foremost with the problem of preventing emigration from the country, and, in consequence, the creation of opportunities for absorbing emigrants who do return and who can return to their homeland, given suitable absorptive conditions. In addition, attention is devoted to the creation of opportunities for absorbing Christians who require a refuge.

The absence of dynamic economic resources in the Lebanon which could increase and expand the sources of livelihood for a progressive population has led to a steady emigration from the country since the middle of the last century. This process has chiefly affected the Christians whose requirements are more developed and whose living standards are higher than those of their Druze and Moslem neighbours; it has created a serious social and political problem which, taken together with their lower rate of natural increase, places the future of the Lebanese Christians in permanent danger.

Robert Widmer described the economic reasons for a migration from the Lebanon in the following passage:†

> "Lebanon is over-populated. As has been stated, the density of population is about 93 people to a square kilometre. In view of the topography of the country, its rocky mountains and its thin soil, its scarcity of mineral wealth, and its undeveloped industries, the land cannot support all its people. Consequently it is to be expected that some of them have to emigrate, leaving many dependent on their remittances."

As long as emigration was temporary, it was in many ways advantageous. To the general broadening of outlook resulting from contact with more advanced countries were added the material benefits of an increase in the country's capital (brought in by returning emigrants), an out-

* Fourteen pro-mille among the Christians of the Lebanon as against fifteen pro-mille among the Jews of Palestine.

† S. Himadeh, *Economic Organization of Syria*, Beirut, 1936, p. 14.

7: Gulick E-5 (1952) 1955 ME1 Lebanon ME1

Bread (*khubz*) is not the only wheat product which is made in the bakery and eaten. There is also holy bread (*qurbaan*) (which will be discussed later). And a special treat is *manqaaishi* ("fingered"). This starts as a disk of unleavened dough which looks very much like an unbaked loaf of bread. But a rim is pinched up around the edge and the maker may punch herringbone or crosshatch designs in the center with her fingers. The center is then covered liberally with olive oil and on this sugar and sesame seeds are sprinkled. It is preferably eaten as soon as possible after it has been baked. It is sweet and filling. None of the very sweet, flaky pastries, which can be bought in Middle Eastern restaurants, was encountered in the village.

Meat. Sheep are killed ordinarily only on Sundays, and the meat is bought and most of it eaten immediately. There appears to be a sort of folk hygiene connected with this practice. One of the few complaints about city life voiced by a young person was that it was not a good idea to buy meat in the city because one didn't know how long it had been hanging in the butcher shop, completely exposed to flies and the dust of the street. Beef, a prime source of tapeworm, is not eaten at all, nor is pork.

The main dish of the standard Sunday dinner, taken at noon, is raw *kibbi*, perhaps the most famous Lebanese dish. It consists of raw meat and cracked wheat ground up together in the stone mortar and served as a smooth mound on a platter. It is washed down with another famous item, *ʾaraq*, a distilled grape liquor, flavored with anis, which is clear and colorless when it comes from the bottle but turns milky white when water is added to it, as it usually is. The villagers buy *ʾaraq* which is made in the city, although they would undoubtedly make their own if they had to. The intake of alcohol is very moderate. It is never drunk alone but always as part of a meal. Four small glasses of *ʾaraq* mixed with water are considered enough, if not too much. The writer is reasonably certain that there is no cultural pattern for getting really drunk for its own sake. A little wine is made locally, but not very much.

Raw meat is also eaten in small chunks, taken in bread and dipped in the rough salt which is obtained locally from the sea. Most of the specialized organs, such as liver, kidneys, testicles, and lungs, are eaten in this manner.

What is left over from the raw *kibbi* is cooked, either in the form of a flat disk or in individual patties. This cooked *kibbi* will appear on Monday's, and perhaps Tuesday's, menu. *Laḥm mishwi* ("broiled meat"—on skewers) another regional specialty, is an alternative.

Roast chicken is sometimes served but usually only on special occasions, such as the saint's-day feasts at which certain families entertain the priest.

Olives. All the olives which are consumed in the village are local produce. Some are cured in brine and stored for eating throughout the year. A dish of them appears at every meal. But most of a year's harvest is reduced, locally, to oil which is used in nearly every phase of cooking.

7: Gulick E-5 (1952) 1955 ME1 Lebanon ME1
[Munsif]

a particularly unfavored district in the physical sense—more favored districts had already been occupied by others.

We have seen that the village territory was subsequently divided into three equal parts, each of which came in time to be dominated by a particular lineage, each descended from a son of the founder. The main house cluster was said to have been first located somewhat below the church, in a recess. This location made the community completely invisible from the coastal highway, and this was described by one informant as a necessary defensive measure. He added that he had heard that in the old days, when men went down to Ḥilwi to work their fields, they went in armed groups to protect themselves against marauding bands of Muslims. This was presumably during the century and more of virtual anarchy which followed the reign of Fakhr ad-Dīn II. As the village grew in population, the house cluster was extended up and along the crest of the ridge, lineage A occupying the upper part, lineage C the lower part. Lineage B members lived mainly at *'arqūb*, surrounding the shrine of Mar Mikhaīl, and only very recently moved entirely into the eastern and upper portions of the main house cluster.

We have seen that at present the ownership pattern of the lands still reflects the clustering of the houses by maximal lineage. Some of the exceptions to this patterning, especially in the highest part of the village, are due to very recent purchases of land and new construction. Those in the center, however, were explained by one informant as follows: "Maybe a hundred years ago many people were very poor. They sold their land to people in 'Ainabūr. Then later some others bought it again. We don't know who they all were. People went to America to make money and then they came back."

There is at hand what might well be external evidence of this episode. Churchill (1853, vol. 1, pp. 72–73), writes of the spectacular rise of one Michael Toobes, a Maronite from 'Ainabūr, "Making his native village of Ainabeit the centre of his operations, he conceived a system which soon brought him into intimate relations with the entire neighboring population—that of making advances of money on the silk crops. . . . Toobes has become an extensive landed proprietor, and as a landlord his character is unimpeachable."

Until about seventy-five years ago, Munṣif was a very nearly self-sufficient and self-contained community. We can assume that a good proportion of its wheat always had to be imported. As a matter of fact, Ḥilwi used to serve as a point of entry for imported goods which were brought to it by boat, this mode of transportation being cheaper, safer, and easier than overland transport. It was also, apparently, a regular practice for a number of men to do seasonal wage labor in other districts. One specialty of this type, which was hazardous but profitable, was sponge-diving.

But these activities do not seem to have essentially lessened the village's cultural isolation. It was common in those days, according to one informant, to re-

7: Gulick E-5 (1952) 1955 MK1 Lebanon MK1

3. The change is not in conflict, functionally or symbolically, with other, firmly established or unchanging norms.

The second condition provides the adequate motivation essential to learning, and, as Hallowell (1945, pp. 182–83) has pointed out, "learning is the psychological crux of acculturation." Using Barnett's terms (Barnett, 1940, p. 31), we can say that if the *function* of the new item is apprehended and appreciated by the villagers, they will accept it, provided that it does not involve too much expense, does not necessitate elaborate readjustments in otherwise stable systems, and that its *meaning* is neither odious (for example, a part of foreign imperialism) nor in conflict with the meanings of other, stable traits.

Perhaps this analysis will be clearer when we consider two areas of "material culture" which have remained almost wholly unchanged. One of these is diet which has remained unchanged because any fundamental alteration in it would meet with situations which would be contrary to any or all of the three conditions which are necessary to successful change. It would be enough to say that change in diet would involve extra expense and a major alteration in eating habits and cooking methods (violation of conditions 1 and 3). But besides this, the villagers see no purpose in changing their basic diet. It satisfies them physically and gustatorially (violation of conditions 2 and 3). It is probable also that they derive no little spiritual satisfaction in being able to maintain old patterns in this area of behavior where no change is forced upon them.

The other area of material conservatism is in farming techniques. Although farming itself has deteriorated markedly in terms of the number of men who practice it (a negative sort of change), farming techniques remain the same. This is largely because conditions 1 and 2 do not obtain. To introduce, for example, tractors and modern plows and harrows, into a terrace village like Muqif, would not only involve great expense, it would also be rather absurd from a practical point of view. There would be the problem of moving the equipment from one terrace to another, and most of the terraces are so small and irregular in shape that it would be difficult, if not impossible, to use when it was in place. Chemical fertilizers have been adopted to some extent, probably limited by expense. Certainly the villagers are most eager to obtain an irrigation system, but here their desires are thwarted by external conditions.

ECONOMIC CHANGES

In the economic or subsistence sphere, the village has obviously undergone a profound change. A number of rural specialties, such as weaving and shoemaking, have completely gone out of existence. Farming, formerly *the* primary occupation, now occupies a very small number of men. A large proportion, if not most, of the village income is now derived from urban occupations.

7: Gulick E-5 (1952) 1955 ME1 Lebanon ME1

The factors in this change are multiple, and can be classified into two types, economic-demographic and intellectual. The economic-demographic factors are:

1. The decrease of physical isolation of the village, exposing it to the importation of ready-made goods.

2. The increase of direct dependence upon a money economy and a world market, over neither of which the villagers have any control.

3. The drift of villagers *en masse* to the city for employment—in part in consequence of factors 1 and 2.

4. Deterioration of agriculture and crafts, consequent upon factors 1, 2, and 3.

The intellectual factors in the economic change in Munjid were brought about by the creation of virtually universal literacy through the new educational system. In this connection, three consequences must be noted:

1. Up to a point, education is essential to fitting the villager for effective village and urban life, by making him literate.

2. Beyond a certain point, it renders the villager dissatisfied with village life because it creates interests and ambitions which cannot be satisfied in the village.

3. The shortage of suitable opportunities in the city for the highest educated individuals renders them dissatisfied *both* with village life *and* with city life.

The seriousness and dangerousness of the latter two situations are well-recognized by e.g. any. Malinowski (1945, pp. 67–68) has remarked on its importance in Negro Africa, and at least three students of the Middle East have made reference to its importance there. Wendenne (1946, p. 268) refers to education as unfitting people for village life. Keen (1946, p. 43) speaks of a prevailing "white collar mentality" which impedes rural development because it makes the recruiting of agricultural teachers difficult. And of the frustrations of the highly educated Richardson and Bazal say:

> Many students, educated in the better ways of life and thought, graduate to find opportunities limited. The technical backwardness, the contrast of enormous wealth and extreme poverty, the group hatreds, suspicion, the apathy of peasant millions and overlords alike for change, all this is disheartening. Some of these "over-educated" products of the West form small furious "middle-class" groups talking progress, but either powerless, unwilling, or thwarted in their attempts to change a millennia-entrenched system. (1948, pp. 489–90.)

CHANGES IN VALUES

We have already indicated how acculturation has created unresolved conflicts in values among the Munjidin, as among other Middle Easterners. The various changes in values can be grouped around Tannous's three major themes of traditional village life.

Devotion to the Land. It is clear that in purely economic terms, the Munjidin are for the most part no longer dependent upon agriculture as a source of sub-

361 [illegible] the other three project villages there is one mosque. There are no Christian churches here as this region is populated by Moslems of the Shee'ah sect. There are often referred to as Metwalis and [illegible] are followers of the descendants of Ali.

362 The 912 dwelling units in the five project villages house an average of 6.1 persons per unit. A positive building trend has taken place in the area during the past five years. For this period, only 'Adloun reported more buildings torn down or otherwise made uninhabitable than were constructed. In the other four villages the opposite trend was reported. No attempt was made to determine the types of units constructed and heavy reliance should not be placed on Table IX, «Construction Trend in Last Five Years», for the data in this table are subject to a high degree of error.

Business and Industry

364/365 In the project villages the business district generally is composed of a few small shops selling meat, grain, groceries, small items of hardware, and a limited amount of other items. In these five villages there is a total of thirty-four small shops. There are 17 general stores, 11 meat stores, 2 barber shops and 4 cafés. As the shopping centers of Beirut and Saida are easily accessible by low-cost bus transportation, general stores carry only those items in heavy demand. Several of the cafés service the main Beirut-Saida-Tyre road. Of all the businesses, only three cafés employ the services of personnel other than the proprietor. Only the village of Loubya lacks any form of business center.

It is interesting to note that in these small villages the meat shops often cooperate by assigning specific days of operation for each shopkeeper. On days allotted to one shopkeeper, the carcasses will hang from his hooks and nearby meat shops will be closed. All the stores are extremely small and require but a meager capital investment.

433 There are no power-operated factories in the project area and very few home industries or handicraft enterprises. Two hand-operated olive presses were reported at Sakaniyah and one at Loubya. With no wood or mineral resources at hand and with no electrical power available, this total lack of village industrialization is not surprising.

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SYRIA MD1

of clinics and in the cities a shortage of qualified staff to undertake massage, radiotherapy, and orthopaedics, and there is special need to combat tuberculosis. Syrians and Lebanese are not addicted to hashish which, however, is grown in the Biqaa and smuggled to Egypt. The Lebanese Government periodically burns many of the plantations, which inflates the price of the surviving crop.

Economic Survey

More than half the population of the two countries is engaged in agriculture which is the most important economic activity. Natural resources hardly exist; there is bitumen in Jebel Bishri in Syria but its production would not be economic; about 10,000 tons a year of asphalt is produced from the neighbourhood of Latakia; and salt is extracted in commercial quantities near Aleppo.

Petroleum

For a number of years, associates of IPC searched for oil in Syria and Lebanon but without finding it in commercial quantities; in consequence, the areas held by these IPC associates have been given up. However, the two Governments are still anxious for further efforts to be made to find oil in commercial quantities. The importance of petroleum in the economy of Syria and Lebanon lies in the situation of the two republics athwart the pipelines from the fields of northern Iraq and Saudi Arabia which have outlets on the Mediterranean.[1] From Iraq a 12-inch and 16-inch line carry oil across Syria by way of Palmyra and Homs to Tripoli in the Lebanon. Together, these two lines can carry about 8 million tons of oil a year (160,000 barrels daily). A third IPC line from Kirkuk to Homs then bears north of the other two and reaches the sea at Banias, and so does not run through Lebanon at all. This new line is 26–30–32-inches in diameter and can deliver oil at about 16 million tons a year (320,000 barrels daily). From the fields of Saudi Arabia a 30–31 inch American pipeline (Tapline) travels over 1,000 miles on its way to Sidon in Lebanon, passing through Jordan and Syria. At present the line is pumping at a rate of about 15 million tons a year (300,000 barrels daily). It should be noted that these four lines all carry crude oil, some of which is refined on the Mediterranean shore for local requirements but the bulk is shipped as crude to the refineries of Europe and elsewhere.

The line from Kirkuk to Haifa is not operating and the Haifa

[1] See Appendix IV, p. 570 below.

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MAIN CROPS

	Area (000 hectares)		Production (000 metric tons)		Yields (100 kg. per ha.)
	1951	1952	1951	1952	1950
Wheat	61	70	43	50	7·3
Barley	15	20	14	27	11·2
Cotton	5	2	1	..	..
Tobacco	..	..	3	2	..
Citrus fruit	..	..	75	90	..
Grapes	21	..	80	..	..

.. = not available.

(Sources: Banque de Syrie et du Liban, *Exercice 1952* (Paris 1953); except figures for yields, cotton production, and area and production of grapes, all of which have been taken from FAO, *Yearbook of Food and Agricultural Statistics*, 1952.)

There is enough water for land to be used more intensively than in Syria but there is not enough room to grow all that the country needs. Improved methods have increased the yield of cereals per acre, but Lebanon will always have to import wheat. The crop of grapes is nearly double the weight of the wheat harvest and Lebanon exports grapes, wine, and the best quality araq. The citrus exports are high but the growers have not yet established the same name for quality as have the Israelis. Melons, water-melons, apples, onions, and potatoes are also important crops and vegetables are exported as far as the oil towns of Kuwait and Dahran. Cotton and tobacco are also grown in small quantities.

The land is more evenly parcelled out amongst the people in Lebanon than in Syria but, despite the fact that there are many small holdings, there is a general shift from country to town, and Beirut and its immediate neighbourhood hold nearly half of the population. In the coastal regions of intensive cultivation small holdings predominate, while in the plain regions large estates worked by share-croppers are the most prevalent form of land tenure. Some estates owned by rich men are farmed under modern methods and equipment and there is less room for improvement or for expansion in agriculture than in Syria.

Industry

Relative to its size, Lebanon is one of the most industrialized countries in the Middle East area. It is probable that nearly 50,000 persons are so employed, of whom over half are factory workers. However, Lebanese industry has only partly recovered from the loss of the Syrian market and some industries had either to move to Syria or to curtail production. The biggest industries are electricity, which produced 130 million kwh. in 1951, and the Cheks cement factory south of Tripoli, which produced 303,000 tons of cement in 1951. Cotton weaving and

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1

spinning was established in Tripoli in 1929 but the textile factories are not as big as those of Syria. In Beirut there are modern industries producing biscuits, vegetable oil, preserves, and soft drinks. There are in Lebanon a host of garages and workshops and some well-equipped repair shops and in Beirut there is an engineering firm that has successfully carried out contracts or major jobs for IPC. New factories are a sugar refinery, a stocking factory, and a cotton-seed oil plant. The following table shows the output of some industries for recent years.

SELECTED INDUSTRIES IN LEBANON

Industry	*Unit*	*Output*	*Year*	*Remarks*
Cotton, yarn	000 tons	2·1	1951	54,000 spindles
,, fabric	mill. sq. metres	4·9	1950	1,000 power looms, 300 hand looms
Woollen fabric	,,	0·2	1950	117 power looms
Silk and rayon	,,	7	1949	500–600 tons of cocoons each year; 300 looms, meets half local consumption
Leather, soles	000 tons	2·0	1951	Back to pre-war level
,, uppers	mill. sq. ft.	2·3		
Electricity	mill. kw.	130	1951	
Cement	000 tons	303·0	1951	
Sugar	,,	3·1	1949	Well below capacity; meets only one-fifth of requirements
Sweets and chocolates	,,	6·4	1950	
Cigarettes	million	928	1951	Private monopolies under government supervision
Tobacco	000 tons	0·3	1950	
Beer	000 hectolitres	15	1951	
Wine	,,	6	1949	
Araq	,,	12	1949	
Industrial alcohol	000 tons	0·5	1951	
Matches	million boxes	60	1949	
Soap	000 tons	6·5	1949	

(SOURCE: UN, Dept. of Economic Affairs, *Review of Economic Conditions in the Middle East, 1951–2.*)

Commerce

The chief characteristic of the Lebanese economy is its dependence on buying and selling rather than on producing. The merchants of Beirut have a world-wide reputation for shrewdness and efficiency in general commerce and they have grown rich on the transit trade. This has grown considerably in post-war years. According to estimates of the Banque de Syrie et du Liban the value of Lebanese re-exports amounted to £L19,491,000 in 1952 (compared with only £L8,201,000 in 1951), that of transit goods to £L1,238,601,000 in 1952 (compared with £L1,136,795,000 in 1951). On some of these Lebanon makes little profit but other items show good returns,

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441 particularly cars and other finished goods for which Lebanese merchants have agencies for the whole Levant. Another type of transit trade is the exchange and gold markets: in 1950 there was trading in precious metals to a value of £L96,332,000, which dropped in 1951 to £L22,974,000 and £L39,461,000 in 1952. On these transactions not only has the volume dropped but also the profit, but vast sums were made in 1947 and 1948 when the margins on exchange and gold transactions were wide.

439 Middle East nationalism may have two effects on Lebanese
433 commerce: on the one hand, if Lebanon maintains a policy of welcoming and facilitating foreign capital and merchants, there may be an exodus to Beirut of foreign concerns such as has already occurred as a result of the political disorders of 1951–2. (A tendency in the other direction can be seen in the taking over in March 1953 of the French Beirut electricity company.) But, on the other hand, growing nationalism, parochialism, and isolationism in her neighbours could throw Lebanon on her own resources; Jordan and Syria are both trying to encourage their own ports and merchants to the detriment of Beirut, and Lebanon must now make her services as middle-man and entrepôt more attractive and cheap so that her neighbours will continue to use them. At the same time, if these neighbours squeeze Beirut too hard, they might threaten Lebanon with ruin and it is conceivable that she might be compelled to attempt to seek a replacement of the lost source of income in association with Israel.

Finance

457 The Lebanese pound of 100 piastres is covered by the French
[648] franc under an agreement of 31 January 1948, and Lebanon is a member of the International Monetary Fund and of the International Bank for Reconstruction and Development, with a quota of $4½ million. At the end of 1951 45 per cent of the money circulating was covered by gold and a further 7 per cent by foreign currency—the gold cover has been steadily strengthened, to 54·9 per cent at the end of 1952, to 57·2 per cent by February 1953—when the gold backing amounted to £L114·25 million—and to 60·6 per cent by April 1953. This recent increase in the gold cover results from the part-repayment of an obligation incurred by Syria in 1948; a further instalment was to be repaid in October 1953. In 1939 there were £L29 million in notes circulating, in 1943 £L114 million, and in 1951 £L212 million, but by the middle of 1952 the circulation had dropped to £L199 million and it remained at around this figure until February 1953.

29:Dunn S-4 (1952)1952 MI Middle East
Lebanon MEI

CHAPTER V

COTTON IN LEBANON

000 Lebanon is the smallest, the most cosmopolitan, and one of the most progressive countries in the Middle East. Beirut, the capital, is a modern, pleasant summer resort, whose shops are known over the world. Probably this contact with the world through Beirut explains the strong Western influence in the country.

But Beirut is not Lebanon, and tourism and commerce still are minor aspects of the economy, which still is primarily agricultural. The country as a whole has not modernized as much as the cities. The farmers are much more provincial.

BACKGROUND

133 311 The country has limited resources. The total area is less than 4,000 square miles, a third the size of Maryland, and most of it is mountainous. The crop land is limited to the narrow coastal plain which averages only four miles in width, and to the numerous fairly small valleys in the mountains.

161 Lebanon always has had a great many more people than its agriculture can sustain. In the past this pressure was relieved by emigration, but restrictions of the past 25 years, at home and abroad, have checked the exodus and intensified the problem. The population is now about 1.2 million.

642 Progress has been encouraged by the government which is admittedly one of the most stable in the Middle East, despite its lack of experience. Lebanon became an independent Republic only in 1943, after the French mandate was ended. It has been remarkably independent and practical and has not allowed itself to become embroiled in nationalistic issues as many of the other Arab states have.

INDUSTRY

● 433 With few exceptions, industries are small and devoted chiefly to the production of light consumer goods such as matches, rubber goods, soap, furniture, cigarettes, beer, macaroni, biscuits, and olive oil. The two chief basic industries are the Iraq Petroleum Company's Tripoli topping plant and the Chekka cement factory. Other basic manufacturing plants include cotton textiles, glass, and sole leather.

AGRICULTURE

241 Roughly a third of the tilled land is devoted to cereals and the balance to a wide variety of crops—fruit trees, vineyards, vegetables, and a number of industrial crops including cotton. Approximately 15 per cent of this area is left fallow each year.

The western plains receive 20 to 35 inches of rainfall a year, and that only during the winter months. Because of the dry summers, a few of the crops

29:Dunn S-4 (1952)1952 MI Middle East
Lebanon MEI

COTTON IN LEBANON

Table 40

LEBANON: Specified Imports as Per Cent of Total Imports 1937, 1949, 1950, and 1951
Value

439

Item	1937	1949	1950	1951
	Per Cent			
Cotton Fabric	13	4	3	2
Other Textiles	16	11	12	15
Machinery and Vehicles	8	25	12	11
Iron, Steel, and Manufactures	7	11	6	6
Other	56	49	67	66
Total	100	100	100	100
Total Value Converted to Millions of Dollars	35	215	82	185

NOTE: Imports of the Syrian-Lebanese Customs Union through March 13, 1950.
SOURCE: International Monetary Fund.

Table 41

LEBANON: Specified Exports as Per Cent of Total Exports 1937, 1949, 1950, and 1951
Value

Item	1937	1949	1950	1951
	Per Cent			
Textiles	25	18	18	38
Olive Oil	11	3		
Vegetables	8	6	19	4
Fruits and Nuts	8	3	7	16
Hides, Skins, and Furs	6	1	4	5
Grains	5	28	5	
Others	37	41	56	37
Total	100	100	100	100
Total Value Converted to Millions of Dollars	17	50	23	41

NOTE: Exports of the Syrian-Lebanese Customs Union through March 13, 1950.
SOURCE: International Monetary Fund.

are produced under dry-land conditions. In the eastern plains and valleys, 241
where less rain falls, all summer crops are irrigated.

Most of the farms in the mountainous areas are owner-operated and [423]
have been in the same families for generations. This has tended to reduce the size of individual holdings to uneconomic proportions.

Agriculture in Lebanon, as in most Middle East countries, exhibits strong contrasts between the old and the new. The hand of the past is still heavy upon farming practices, but modern methods and machines are making steady inroads.

The country has never been self-sufficient, importing usually two-thirds 241
of its cereals and significant quantities of other agricultural commodities. 433
Food imports normally come from Syria but relations with that country now are strained. The Lebanese do not like this dependence upon imports for food. They remember the hungry days during both World Wars when imports were shut off. They want to become more self-sufficient and, at the same time, to

29:Dunn S-4 (1952)1952 MI Middle East
Lebanon MEI

241 433 improve the general food supply and particularly their diets, which even now are noticeably better than in the surrounding countries. They also want to raise the income of the farming group and are anxious to increase exports to achieve a more natural trade balance. Commodity imports are three to four times the value of exports.

AGRICULTURAL OPPORTUNITIES

241 The various missions that have been studying the agricultural resources of the country report that opportunities for development are excellent. A United States Mission expressed the belief that the cultivated area might be doubled by reducing the fallow and grassland, and that 500,000 acres could be irrigated with water from the numerous mountain streams if dams, reservoirs, and canals were built. This Mission was encouraging also about the possibilities of increasing productivity.

The Mission submitted a long and detailed list of recommendations, the major ones of which called for: (a) developing an adequate scientific and technical staff, (b) establishing a more effective extension system, (c) organizing a central experiment station, (d) expanding the agricultural education program, and (e) efficiently utilizing water resources.[65]

The Mission specifically encouraged the expansion of fruit production, more interest in dairying, and the establishment of more agricultural processing plants.[66] The group did not encourage grain production, feeling that the limited acreage could be utilized more efficiently in the production of specialized agricultural commodities, and that it would prove more economical to buy wheat where it can be produced more cheaply.

Other agricultural agencies concur in the main with these conclusions and recommendations. A Point Four group, just getting established, is working along these broad lines.

COTTON

248 Lebanon has grown some cotton for many years. The crop declined to an insignificant level years ago and production did not pick up again until the period of high prices in 1950 and 1951. Lebanon as a whole has not joined the trend, prevalent in the Middle East, of reducing cotton acreage now that prices have dropped.

Production increased from about 9,200 bales a few years ago to 20,700 bales in 1951-52, the highest in recent times, and with expanded acreage the crop is expected to be raised this season, 1952-53, to between 23,000 and 28,000 bales.

Cotton production is concentrated in the northern Akhra plain near the Syrian border and in the valleys. For the most part irrigation is used.

Farms are fairly small and cotton usually is grown as one of several crops in a general farming system.

Yields averaged about 150 pounds, less than in the better cotton-growing areas of Syria. American Uplands, mainly Acala, Lone Star, and Lockett varieties, are grown almost entirely.

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[65] *Report of the United States-Lebanon Agricultural Mission*, United States Department of Agriculture, September, 1948, p. 6.

[66] *Ibid.*, p. 9.

59; Allen et al S-3 (1952-53) 1953 MI Middle East
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II. LEBANON

(Visited 1 - 15 December 1952)

1. The total area of Le .non is about 4,300 square miles, the population being estimated in 1940 at one and-a quarter million, of whom a high proportion live in the principal towns. For many years there has been considerable migration to foreign countries, and it is said that as many Lebanese live abroad as are to be found in their native land.

2. Lebanon is mainly a fruit-growing agricultural country, but pipelines from Middle East oil fields are being laid across the country to connect with newly constructed installations and harbours on the coast. In due course this development may influence the economy of the country.

3. Great hopes of agricultural expansion - to be accompanied, it is claimed, by schemes of rural community developments - are based upon the Litani Dam and irrigation project. At the time of our visit this project was under discussion between the Government and the United States Technical Cooperation Administration (Point IV), but matters had not advanced sufficiently to justify our attempting to follow in detail the intentions with regard to community welfare centres.

4. The agency of the Lebanese Government responsible for social affairs has only recently (1951) been raised to the status of Ministry. Still mor recently, there had been a change of government and the new Minister of Social A airs also held two other portfolios. The Director-General of the Department whom met had not been continuously in office over the past years. No reply had been returned by the relevant Department to the Secretary-General's request (at the end of 1951) for information on community welfare centres. Background information was difficult to obtain. A decree which would have permitted the provision of multi-purpose community centres and enabled government support to be given in cash or by way of services, had been promulgated in 1951 (Appendix I). The decree had not, however, been put into operation. The initiative in instituting or developing such multi-purpose activities as we had the opportunity of seeing at Chtaura, Anjar and Jibrail had come mainly from voluntary agencies.

5. We visited the Chtaura Demonstration Centre and Anjar project on the 4th and 12th of December. The purpose of the original centre was to provide for Armenian refugees from World War I and in the earlier stages both the Near East Foundation and the Howard Karagheusian Commemorative Corporation shared responsibilities for financing and management of settlements in this area. More recently, the Near East Foundation decided to concentrate on activities in Syria and Greece and brought its work at Chtaura to a close. Mr. Feldmahn of the Near East Foundation, who had had a long experience between the wars in community organization in Bulgaria before coming to Chtaura, then transferred to the Karagheusian Corporation. With his wife, he now supervises the various activities in a group of villages located in the Bekaa Valley between Beirut and Damascus. These activities include control of malaria, recreational programmes, organization of marketing, provision of seedlings and plants, poultry breeding, milk co-operatives and educational projects.

6. At the time of our visit an illustrated lecture by an American veterinary expert (Point IV) was in progress. The co-operative milk marketing scheme appeared to be successful and to make a useful contribution to the milk supply of Beirut. The housing provided for the settlers and the general appearance of the village at Anjar were satisfactory. That of the Arab village of Medjel-Anjar some distance away was less so. In a former disused school house there was a primitive maternity and child

Chapter 6

LEBANON

Developments to the End of the Second World War

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Lebanon's high economic level, compared with other Middle Eastern countries, is largely attributable to certain factors which helped to improve economic and social conditions, 1/ from early modern times. A relatively greater degree of security in Lebanon attracted European merchants, who provided an expanding market for Lebanese raw silk; it also brought in missionaries and educators, who established modern schools. In the second half of the nineteenth century, large-scale emigration began. It is estimated that, between 1860 and 1900, some 120,000 persons emigrated from Lebanon and Syria - an average of 3,000 a year, of whom over half were from Lebanon. In 1900-14, the yearly average rose to 15,000. 2/ A large number of these emigrants returned, bringing back with them capital and skills. There was also a small capital inflow from Europe, which was invested in railways, ports and other public utilities, as well as in banks. By 1900, Beirut had become the main distributing centre for Lebanon, Syria, Palestine, northern Iraq and southern Anatolia. Another important economic item was the export of raw silk.

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During the First World War, Lebanon, which had become a food importer, experienced a large-scale famine. In addition, its silk industry was disorganized, the mulberry trees being cut down for fuel, and its transit trade was disrupted. In the inter-war period, silk suffered further, from the competition of more efficient producers and of rayon, and gradually ceased to play an important part in the economy. A still harder blow was the decline in emigration, following restrictions imposed in most countries of immigration. After reaching a peak of 16,000 in 1923, emigration from Lebanon and Syria fell off rapidly to an annual average of 2,000 in the nineteen-thirties, of whom slightly over half came from Lebanon.

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434 1/ Net national income in 1950 was estimated at 1,000 million Lebanese pounds (see table 43), giving a per capita figure of LL 800 per annum. (Some confirmation of this figure is provided by a survey in North Lebanon which showed that in 1953 per capita income in a group of villages was LL 627. This figure does not include rent, since practically all families own their own houses (Salah M. Sawaya, Household Income and Expenditure in Al Kura, unpublished thesis, American University, Beirut, 1953)). Converted at the average free market rate (in 1950 one United States dollar equalled 3.47 Lebanese pounds), which considerably undervalues the purchasing power of the Lebanese pound, this gives a per capita income of $230, a figure well above that prevailing in the region. Some two thirds of the Lebanese population is literate, and over 40 per cent is urban, proportions which are well above the regional level.

2/ S.B. Himadeh (editor), The Economic Organization of Syria (Beirut, 1936), page 16.

Other sources of income were developed, however. Although the breakup of the Ottoman Empire and the erection of tariff barriers in the successor states handicapped Lebanon's transit trade, Beirut continued to be an important distributing centre. In this it was helped by the enlargement of its harbour and by the construction of a good network of roads. These improvements, together with the development of public utilities and hotels, attracted to Lebanon an increasing number of Middle Eastern tourists.

In agriculture, the most important development was the expansion in the acreage planted to olive and fruit trees, and the improvement in quality. The tariff protection gradually accorded after 1924 also stimulated industry. At the outbreak of the Second World War, some 20,000 persons were employed in factories and small workshops, including craftsmen engaged in such traditional seasonal occupations as silk reeling. 1/

During the Second World War, the large-scale expenditure of Allied troops raised incomes and prices, 2/ and the reduction of imports further stimulated industrial production. This increase was achieved with existing equipment, since no machinery could be imported.

Another result of the war was the improvement of communications. The forced savings due to inflation and the shift to profits took the form of franc and sterling balances held by Lebanese individuals and institutions.

Post-War Period, 1945 to 1954

Since 1945, the national income of Lebanon has increased considerably, and available data indicate a rise in consumption. The dissolution in 1950 of the customs union 3/ with Syria, which had constituted Lebanon's most important market, caused a setback, compensated in recent years, it appears, by the over-all growth.

Emigration, which had almost ceased during the war years, recovered in the post-war period. In recent years it has averaged over 3,000 per annum, 4/ compared with an annual natural increase of about 15,000. Emigration was, however, offset by an influx of over 100,000 Palestinian Arab refugees in 1948 and 1949. The maintenance of these refugees by the United Nations Relief and Works Agency for Palestine Refugees has largely shielded the Lebanese economy from their impact, though many have found employment in the country while a few brought some capital with them and started new enterprises.

1/ The number of industrial establishments rose from 400 in 1930 to 900 in 1939, according to Mustafa el Musuly, "Min al hirfa ila al sinaa", in Muhadarat al nudwa (Beirut, 1953).

2/ From 1940 to 1944 inclusive, Allied expenditure in Lebanon and Syria totalled £76 million (sterling). From 1939 to 1945 inclusive, Lebanon and Syria had a surplus of 607 million Lebanese-Syrian pounds on current account. The wholesale price index in Beirut rose from 100 in June 1939 to a peak of 1,203 in January 1945.

3/ See chapter 7.

4/ Emigration in 1951 totalled 4,077, in 1952 it was 2,725 and in 1953 it was 3,315 (Le Commerce du Levant, 9 October 1954, Beirut). A significant proportion of emigrants went to the Persian Gulf area.

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This has been achieved by increasing production of fruit and vegetables, for both of which Lebanon has great natural advantages. The topography of the country and the unequal distribution of rainfall provide a diversity of climate which makes it possible to grow tropical fruits, sub-tropical fruits and fruits of the temperate zone. Soils are also sufficiently varied to suit a wide range of crops. Water is usually available in sufficient quantity, either as rainfall or from small-scale irrigation schemes. Plant diseases and pests are less prevalent than in most parts of the Middle East. The density of the rural population has made it profitable to concentrate on labour-intensive crops, while the relatively high level of education in country areas has encouraged innovation. The broken nature of the land has prevented large-scale mechanization, except in the plains, and has favoured crops which require little land, as has the prevalence of small-scale ownership. 1/ Finally, Lebanon's location has given it access to several important markets, such as Egypt for deciduous fruits, Syria and the Persian Gulf area for most fruits and vegetables, Palestine (until 1948) for vegetables, and Europe for early ripening varieties of citrus fruit and apples.

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The expansion of fruit and vegetable crops was made possible by heavy capital investment. New terraces were built on mountain slopes, and old ones were repaired and strengthened. Various small-scale works carried out since 1942 have substantially increased the irrigated area. The use of selected seeds has considerably increased, as has that of chemical fertilizers. Before the Second World War, some 3,000 tons of chemical fertilizers were imported into Lebanon and Syria yearly. In 1947, Lebanon alone used 8,500 tons 2/ and 1951-53 imports into Lebanon averaged 23,000 tons. Lastly, there has been a rapid expansion of refrigerated storage space facilities. 3/ The greater part of the necessary capital came from outside agriculture, especially from commercial profits and incomes earned in services; the irrigation works were financed through the budge

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The rise in output of fruit and vegetables may be illustrated by citrus fruit, which increased from 70,000 tons in 1944 to 100,000 tons in 1954 and

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1/ No general figures on land distribution are available but on the basis of information gathered in the course of a village survey jointly undertaken in 1953 by the Lebanese Office of Statistics and the United States Foreign Operation Administration, the following estimate may be made: some 10 per cent of the land is in holdings of 100 hectares and above and 15 to 20 per cent in holdings of 10 to 100 hectares; the total number of large and medium holders is 6,000. The remaining 70 to 75 per cent belongs to 133,000 smallholders, most of whom own less than two hectares. There are few landless labourers, and most of these rent land from the larger owners ("Proceedings of the Agricultural Credit Conference", Beirut, 12-14 October 1953).

2/ Sir Alexander Gibb and partners, The Economic Development of Lebanon (London, 1948), page 45. A breakdown shows that 42 per cent consisted of nitrogenous fertilizers, 33 per cent of superphosphates and 19 per cent of potash. Some 37 per cent of the total was applied to potatoes, 29 per cent to other vegetables and 35 per cent to fruit.

3/ The present capacity of refrigerators is estimated at over one million crates, or about 20,000 tons, Le Commerce du Levant, 1 October 1954. Capital invested in refrigerators totalled £L 6 million in 1952, and has considerably increased since then.

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by apples, which increased from 11,000 to 22,000 tons. 1/ Since 1945, over 100,000 apple trees have been planted each year and it is estimated that, at present, there are about 2.5 million trees, of which over two thirds have not reached the fruit bearing stage. 2/ 241 433

In 1948 and 1949, fruit and vegetables accounted for 40 to 50 per cent and 10 per cent, respectively, of the net value of total agricultural production. Together with a few industrial crops, fruit and vegetables constitute the only agricultural products which provide an export surplus 3/ (see table 44).

Progress has been much slower in other fields. The output of wheat rose from 35,000 tons in 1934-38 to 51,000 in 1951-54, but this was partly offset by a decline in barley from 29,000 to 20,000 tons. The area planted to wheat remained unchanged, at about 70,000 hectares, and that planted to barley declined from 33,000 to 20,000 while the yield of both crops increased appreciably, owing to improved seeds, increased mechanization 4/ and irrigation and greater use of fertilizers. Wheat and barley yields, at about 8 and 12 quintals per hectare, respectively, are still, however, below the regional average 5/ and costs of production are high; in 1954, the lowest price at which Lebanese wheat could be profitably grown was estimated at LL 280 per ton, whereas imported wheat cost LL 220. 6/ In 1948 and 1949, cereals accounted for 20 and 12 per cent, respectively, of the gross value of agricultural production. The area planted to vines has increased from 11,000 hectares in 1934-38 to 20,000, and output of grapes has risen from 27,000 tons to 80,000. The area planted to olives has remained unchanged at 16,000 hectares, but average output has risen from about 28,000 tons to 35,000 tons, yielding some 10,000 tons of oil. About 1,500 tons of tobacco are produced each year, a quantity which leaves a small export surplus. An attempt was made to grow cotton, and in 1950 some 6,000 hectares produced 1,500 tons, but cultivation proved unprofitable and most farmers gave it up. On the other hand, acreage under beets has expanded, owing to the stimulus provided by sugar refineries in Lebanon and Syria; and the 1953 crop was estimated at 10,000 tons.

1/ Lebanese Delegation to Fourth Regional Conference of the Food and Agriculture Organization of the United Nations, Beirut, 13 to 16 September 1954, "Le développement de l'alimentation et de l'agriculture au Liban".

2/ Le Commerce du Levant (Beirut) 9 October 1954 and 12 January 1955. In 1954, however, Lebanese exports suffered from the competition of lower cost producers, such as Italy.

3/ The most important surplus products, in addition to citrus and apples, are potatoes, onions, bananas, figs, pears, plums, olive oil, tobacco and silk.

4/ In 1953, there were 134 tractors in Lebanon, compared with 99 in 1949; most of these are employed on wheat lands. Tractors imported in 1952 had an aggregate weight of 588 metric tons and in 1953 438 tons.

5/ In certain irrigated areas in the Bekaa plain, wheat yields have risen to 24 quintals per hectare (Fouad Saadé, Le développement de l'agriculture au Liban Editions du Cénacle Libanais, Beirut, 1953).

6/ Al Hayat, 25 June 1954 (Beirut).

67: United Nations S-5 (1945-1954) 1955 MI Middle East :
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Table 44. Lebanon: Agricultural Production and Consumption, 1953
(Thousands of metric tons)

Product	Area a/ (hectares)	Production	Consumption	Deficit	Surplus
Vegetable products:					
Cereals	108.0	101.8 b/	277.0	175.2	
Legumes	17.3	31.7	43.3	11.7	
Vegetables	16.0	207.8	169.7	5.2	43.3
Fruit	19.8	240.5	154.5	0.6	86.6
Industrial crops	51.5	77.2	90.1	22.9	9.9
Livestock products:					
Meat	...	5.3	21.7	16.4	
Milk products	...	34.6	74.6	40.0	
Eggs	...	1.5	2.1	0.6	
Fish	...	3.0	3.5	0.5	
Forest products:					
Charcoal	...	27.0	27.0	-	-
Firewood	...	81.0	81.0	-	-
Timber	...	175.0	200.0	25.0	

Source: Lebanese Delegation to Fourth Regional Conference of the Food and Agriculture Organization of the United Nations, Beirut, 13 to 16 September 1954, "Le développement de l'alimentation et de l'agriculture au Liban" (mimeographed).

a/ Total cultivated area, 271,000 hectares, including 8,000 hectares under other crops and 50,000 hectares of fallow land. Total forest area, 74,000 hectares.

b/ Wheat accounted for about one-half and barley for one-quarter.

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Livestock production is still far from meeting local needs, and the lack of good natural pasture or fodder crops, together with the poor quality of breeds, limits the supply of animal products; these products account for only 8 per cent of net agricultural production. Recently, however, an improvement has taken place, owing to the importing of selected breeding-stock by the Government and farmers, reduction of the incidence of disease and of cotton-seed cake dehydrated beet-root, pulp and other concentrated feedstuffs. 1/

1/ Lebanese Delegation to Fourth Regional Conference of the Food and Agriculture Organization of the United Nations, Beirut, 13-16 September 1954, "Le problème de la production animale".

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Most of the expansion described above has been carried out by private initiative but, in addition to providing irrigation, the State has assisted agriculture in many ways. Of these the most important has been the provision of credit. The Société du Crédit agricole et industriel, founded in 1938 by the Banque de Syrie et du Liban at the request of the Government, has, in recent years, advanced loans totalling LL 6 to 7 million per annum, the greater part of which is guaranteed by the Government. In 1954, the Government established an Agricultural and Industrial Bank, with a capital of LL 30 million; it is hoped that this bank will be able to meet a larger proportion of Lebanon's agricultural credit requirements. 1/ Another service has been the distribution of imported seed wheat to farmers; in 1953, 100 tons were distributed and the 1954/55 programme provided for 1,550 tons, at a cost of LL 450,000, as well as chemical fertilizers, at a cost of LL 800,000. 2/ Other projects undertaken by the Government include grain storage and citrus packing facilities, which are being established with United States aid, and experimental stations set up with the aid of the United States and French Governments. In 1953, the investment needs of agriculture over the following five years were put at LL 125 million, of which LL 50 million were for irrigation, LL 35 million for credit, LL 5 million for the mechanization of cereals cultivation, LL 10 million for the building of silos for grain and LL 25 million for transport and for processing industries. 3/ Some of this investment - for example, mechanization and investment in transport and industry - is being carried out by private enterprise and a considerable part of the balance by the Government (see below).

Industry

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In the immediate post-war years, Lebanese industry was favoured by the scarcity of imported consumer goods, but this advantage was offset by the great shortage of raw materials and the difficulty of renewing equipment or obtaining spare parts; moreover, military orders, which had absorbed a large fraction of industrial output, dwindled to insignificant proportions. In the course of 1946 and 1947, foreign competition increased sharply; this was met by a considerable rise in investment, especially in the food processing and textile industries, and a renewal of equipment. The increase in productive capacity resulted in greater output in 1948 and 1949. In 1950, many Lebanese industries were severely hit by the ending of the customs union with Syria. Industry in general, however, was aided by the war in Korea, which reduced foreign competition, and subsequently by greater sales in the domestic market, facilitated by increased tariff

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1/ Agricultural indebtedness is believed to total between LL 30 and LL 60 million the bulk of which was obtained from money-lenders and small private banks at a rate of interest around 20 per cent. "Proceedings of the Agricultural Credit Conference", Beirut, 12-14 October 1953.

2/ Lebanese Delegation to Fourth Regional Conference of the Food and Agriculture Organization of the United Nations, Beirut, 13-16 September 1954. "Adjustement des politiques alimentaires et agricoles".

3/ Fouad Saadé, op. cit.

433 protection, and by the opening of new markets overseas. Because of the large amount of unemployment, industrial wages were reduced, bringing down costs. Between 1946 and 1952, investment in plant and equipment in the principal Lebanese industries doubled, while employment rose by 50 per cent. 1/ Output also increased considerably and rose further in 1953.

433 316 324 317 Post-war trends have varied from industry to industry. Mining continues to play a very minor part in the economy. Building stone is abundant and is much used in construction; salt is extracted from salines, meeting half the country's consumption; and silica sand is exported. Since 1953, small amounts of iron ore have been exported, a total of 22,000 tons in that year. Output in 1954 was expected to reach 100,000 tons. The iron content of the ore is 57 per cent. 2/

382 Output of fuel and power have increased significantly. The Tripoli refinery started operating at the end of 1940; its throughput increased from 100,000 tons in 1941 to 227,000 in 1946, and, after expansion of capacity in 1950, to 546,000 tons in 1952, 545,000 in 1953 3/ and 265,000 in the first half of 1954. Lebanon's consumption of major petroleum fuels was estimated at 265,000 tons in 1950 and 315,000 in 1952. 4/ The remainder of the refinery's output is exported to Syria. Another refinery, near Sidon, began operation in February 1955; it will refine Arabian oil carried through the Trans-Arabian

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1/ The number of establishments in the main branches of the industries listed below increased from 477 in 1946 to 671 in 1948 and 880 in 1950, declining to 842 in 1952; capital invested rose from LL 71.6 million in 1946 to LL 96.2 million in 1948, LL 112.6 million in 1950 and LL 143.3 million in 1952; the number of employees in these industries rose from 8,052 in 1946 to 11,153 in 1948, 11,525 in 1950 and 12,773 in 1952. The capital invested in food processing industries increased from LL 6.7 million in 1946 to LL 27.8 million in 1952; in beverages from LL 5.3 million to LL 13.9 million; in textiles from LL 14.8 million to LL 38.2 million; in non-metallic mineral products from LL 32.9 million to LL 45.5 million; in chemicals from LL 3.0 million to LL 3.7 million; in wood products from LL 2.7 million to LL 5.7 million; and in printing from £L 1.1 million to LL 4.5 million. Capital invested in the leather industry fell from LL 5.1 million in 1946 to LL 4.0 million in 1952 (Ministry of National Economy). Total capital investment in industry, excluding construction but including public utilities and handicrafts and various enterprises operated under concession agreements, such as the petroleum refineries and the tobacco monopoly, is between LL 200 million and LL 250 million, probably closer to the latter figure. Total employment in manufacturing, including handicrafts, is probably between 25,000 and 30,000

2/ Le Commerce du Levant, 20 October 1954.

3/ Of this 222,000 tons consisted of fuel oil, 112,000 of gasoline, 88,000 of gas oil and 63,000 of kerosene (Ministry of National Economy, Bulletin statistique trimestriel, Beirut).

4/ Between 1948 and 1953, consumption of gasoline in Lebanon increased from 30,000 tons to 51,000; of kerosene from 11,000 tons to 24,000; of gas oil from 9,000 tons to 31,000; and of fuel oil from 72,000 tons to 108,000.

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Table 45. Lebanon: Industrial Establishments, Employees, Capital, Cost of Materials and Output, 1950 a/

Product or industry	Number of establishments	Number of employees	Capital	Gross output (Millions of Lebanese pounds)	Net output
Food processing.....	455	5,404	24.9	61.7	30.1
Beverages.....	123	1,292	10.7	12.2	5.6
Textiles.....	60	5,040	32.6	39.5	17.7
Wearing apparel.....	15	1,036	3.3	2.3	1.2
Wood and cork.....	48	241	1.4	3.8	1.6
Furniture.....	95	1,211	4.6	10.3	6.2
Paper.....	9	91	0.5	0.9	0.5
Printing.....	100	855	8.6	5.8	2.7
Leather.....	64	737	4.6	14.2	6.2
Rubber.....	6	447	1.0	2.1	1.4
Chemicals.....	64	1,104	5.9	16.4	7.9
Non-metallic minerals..	156	2,768	35.5	21.5	13.5
Metal products.....	30	639	2.6	11.1	6.5
Machinery.....	27	590	3.2	3.6	1.9
Electrical appliances..	4	217	1.6	1.9	0.8
Concessions and public utilities.....	...	...	...	38.8	13.9
Other.....	29	367	6.5	2.7	1.8
Total	1,285 b/	22,039 b/	147.4 b/	248.8	119.7

Source: Albert Y. Badre and Asad Y. Nasr, "National Income of Lebanon", Monograph No. 3, "Income Arising in the Industrial Sector" (Beirut, May 1953, mimeographed).

a/ Excluding handicrafts; net output of handicrafts in 1950 was LL 17.6 million.

b/ Excluding concessions and public utilities.

a figure well below both consumption and productive capacity. The cotton yarn industry, which reached a peak output of 8,000 tons in 1946, has been hampered by loss of the Syrian market. In recent years, new markets have been found overseas, but output in 1952 was only 3,000 tons. On the other hand, production of cotton cloth, which was formerly imported from Syria, increased from 200 tons

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in 1945 to 1,100 in 1952; part of this is exported. Output of underwear and hosiery has also increased, from 18 tons in 1945 to 310 in 1952. 1/ 288

Other industries include soap making, with an annual output of 6,000 tons; tanning, with an annual output of 2,000 tons; electric bulbs, of which 500,000 are produced each year; and various iron and steel products, of which 8,000 tons were produced in 1952, compared with 900 in 1945. 388

Among the difficulties facing Lebanese industry, the most important is the very restricted market, due to the smallness of the population; this is only partly offset by the fact that per capita income is higher than in other Middle Eastern countries. The market is further restricted by the marked consumer preference for foreign goods, which, owing to the relatively liberal trade policy of the Government, has been allowed greater latitude than in other parts of the region. Another adverse factor has been the loss of the Syrian market, in which several Lebanese industries, notably cotton yarn, tanning, chemicals and beer, sold a large proportion of their output. Successful attempts have been made to open export markets, for example, for vegetable oils in Cyprus, France and Egypt, for cotton yarn in some western European countries and for cloth in India, Pakistan and West Africa. The precariousness of these markets was shown, however, when, during the depression in the world textile industry in 1952, restrictions were imposed on imports from Lebanon. Similarly, a barter agreement in 1953 with Pakistan, under which Lebanon imported raw cotton and exported yarn, was not renewed. As Lebanese plants seem to be somewhat larger than the regional average, 2/ the shrinkage of the market has forced most of them to work well below capacity, thus raising unit costs. 438

Another obstacle is the scarcity of raw materials; except for food processing industries, Lebanon is heavily dependent on imports. Moreover, in spite of a marked improvement in quality, it is still difficult to obtain sufficient quantities of uniform local produce. The dissolution of the customs union with Syria has also affected the supply of raw materials since there was formerly a greater amount of mutually advantageous specialization; for example, cotton-seed oil was imported from Syria for soap making, while Lebanese olive oil was exported to Syria. This factor has restricted the range of Lebanese industries; in 1950, three groups - food, textiles and non-metallic minerals - accounted for 60 per cent of the labour employed in all industry, 62 per cent of the capital invested and 58 per cent of the value of gross and net output. 3/ Nevertheless, 433 [432]

1/ Figures from the Ministry of National Economy.

2/ The average number of persons employed per establishment in Lebanon in 1948 was 17, compared with 14 in Egypt in 1947, and 14 in Palestine in 1942. Capital investment per establishment was LL 85,000, against LL 57,000 in Egypt and LL 48,000 in Palestine, and gross output per establishment LL 147,000, against LL 65,000 and LL 90,000, respectively (Albert Y. Badre, "National Income of Lebanon", Monograph No. 3). The industrial census of 1950 showed that, of the 1,444 firms listed, 25 had a capital of LL 1,000,000 or over, 29 had LL 500,000 to LL 1,000,000 and 45 LL 250,000 to LL 500,000 while, at the other end of the scale, 381 had a capital of LL 10,000 to LL 25,000 and 249 LL 5,000 to LL 10,000 (Ministry of National Economy, Bulletin statistique trimestriel, October 1951).

3/ Badre, op. cit.

433 the ratio of the cost of raw materials and fuel to value of output, 47.6 per cent in 1950, does not compare unfavourably with the ratio in other under-developed countries. 1/

High fuel and power costs have also impeded industry. Owing to high delivery prices at the refinery, excise taxes and higher distributing costs, petroleum products are more expensive there in some other Middle Eastern countries. However, prices have dropped since the war, the wholesale price of gas oil falling from LL 115 per ton in 1945 to 109 in 1948 and 91 in 1953, and recent agreements with the oil companies, including the building of the new refinery near Sidon, should further reduce prices. Electricity prices have also been high owing to high fuel costs 2/ and small-scale production; in 1947, "the charge for industrial power quoted as an average of 7 piastres in Tripoli compares with 1.8 for a similar size in England; the difference in the case of Beirut is even greater." 3/ Moreover, service has been irregular. This has led many factories to instal their own generating plant.

In spite of recent reductions, wages are higher than in most other Middle Eastern countries, but this factor is partly offset by higher productivity due to greater capital investment per worker and to higher skills. 4/ Management is still inefficient and although the hiring of foreign technicians has helped to improve productive methods little has been done to rationalize and co-ordinate industries. An example of co-ordination was afforded by the vegetable oil industry in 1953, which formed a cartel, closing down inefficient factories and working the others at full capacity.

656 433 In the past few years, the Government has given much assistance to industry. The tariff has been modified to protect and encourage industrial enterprises. In 1951, a drawback was granted on sugar duties, while duties on certain raw materials, such as rubber and plastic threads, were reduced, and those on certain manufactured goods, such as sole leather, furniture and brushes, were raised. In 1952, duties on industrial machinery, spare parts, iron ware, pipes and electric apparatus used in industry were sharply reduced. In 1953, certain goods, representing nearly one tenth of total imports, were subjected to licencing. In 1954, duties were raised on cotton cloth, absorbent cotton, readymade cotton clothing and asbestos-cement articles, while those on packing

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1/ Comparable figures are given in Processes and Problems of Industrialization (United Nations publication: 1955.II.B.1), page 46.

2/ An estimate prepared by the Beirut Electric Company shows that the price of fuel per million calories was LL 9.30 in Beirut, LL 4.60 in Cairo, LL 4.10 in Paris, LL 8.50 in Brussels and LL 2.95 in Detroit, "La question de l'électricité à Beyrouth" (no date).

3/ Sir Alexander Gibb and partners, op. cit., page 152. A Lebanese pound is equal to 100 piastres. Recently, it was estimated that the price of a kilowatt-hour was 6 piastres in Lebanon, 2.5 in England and 2.0 in New York (The Industrial and Commercial Review of Lebanon (Beirut), March 1954).

4/ In 1948, net output per person engaged in industry was LL 4,800 against LL 2,200 in Egypt in 1947, LL 2,600 in Palestine in 1942 and LL 20,300 in the United States in 1947 (Albert Y. Badre, op. cit.). The average wage for men in 1950 was LL 120 and for women LL 50 (Mustafa el Rawaly, op.cit.).

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and bottling machinery were reduced. 1/ At present, most imports competing with local manufactures are subject to an effective duty of 25 to 30 per cent, and grains, industrial machinery and most raw materials enter duty free. 2/ The Government has also attempted to open new markets for Lebanese goods through bilateral commercial treaties or through inter-Arab States agreements.

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The Government has, moreover, sought to promote industrial investment by exempting from income tax new establishments with a capital of over LL 1 million (see below). The newly founded Agricultural and Industrial Bank will help to provide industrial credit, the scarcity and high cost of which constitute a major obstacle to development. Another step taken by the Government, with United States aid, has been the establishment in 1953 of an Industrial Institute. The object of this institute is to undertake production and marketing studies for projected enterprises, to carry out laboratory tests and to assist existing enterprises in matters of modernization and optimum utilization of equipment and use of raw materials and by-products. A pilot plant is being set up. The Institute will be administered by representatives of Government, industry and the Foreign Operations Administration of the United States.

The Government has also taken steps to increase the production of electricity and to reduce its cost. Following a consumers' strike and the refusal of the principal concessionary company to expand its plant, the Government, in 1952, reduced charges by 20 per cent, temporarily took over administration of the company and accelerated the construction of generators. In 1954, it bought out the company for LL 23.5 million, a price agreed upon by both parties. The completion in 1954 of a hydroelectric plant at Nahr al Bared, with a capacity of 9,000 to 18,000 kilowatts, has temporarily met the country's needs; long-term plans are discussed below.

Foreign trade and balance of payments

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The development of agriculture and industry, described in the previous sections, has not basically altered Lebanon's character as a provider of services, a fact which accounts for both its high level of trade and its large import surplus. Table 46 shows that, since the ending of the customs union with Syria in March 1950, both imports and the import surplus have tended to increase. Lebanon's imports are among the most diversified in the region. Imports are also diversified, including fruits, vegetables, vegetable oil and textiles, cement and other manufactured goods; in contrast to other Middle Eastern countries, which are highly dependent on two or three products, no single item accounted for more than 5 per cent of Lebanese exports in 1952 or 1953. The chief market for Lebanese exports in 1953 was Syria, followed by Saudi Arabia, France, Egypt and the United States; the chief supplier was also Syria, followed by the United States, United Kingdom, France and the Netherlands.

In recent years Lebanon has sought to promote its exports by means of bilateral commercial agreements. Since March 1950, trade with Syria has been

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1/ United States Department of Commerce, Foreign Commerce Weekly, 22 November 1954 and 31 January 1955 (Washington, D.C.).

2/ Naja Hinedeh, The Fiscal System of Lebanon (unpublished thesis presented to the American University, Beirut, 1953).